

**FENTRESS COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
OF FENTRESS COUNTY, TENNESSEE**

**FINANCIAL STATEMENTS**

**June 30, 2010**

***HASSELL RAY YORK AND ASSOCIATES, P.C.***  
***CERTIFIED PUBLIC ACCOUNTANTS***  
Phone: 931-484-5570  
P. O. Box 137 • 228 Rector Avenue  
Crossville, Tennessee 38557

**FENTRESS COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT  
OF FENTRESS COUNTY, TENNESSEE  
  
FINANCIAL STATEMENTS**

**June 30, 2010**

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**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
OF FENTRESS COUNTY, TENNESSEE**

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# **INTRODUCTORY SECTION**

## **ROSTER OF MANAGEMENT OFFICIALS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Roster of Management Officials (Unaudited)**  
**June 30, 2010**

Gary Peters, Chairman  
106 Horseshoe Circle  
Jamestown, Tennessee 38556

Billy Jennings, Sr., Vice Chairman  
P. O. Box 765  
Jamestown, Tennessee 38556

Leonard Bilbrey, Treasurer  
P. O. Box 286  
Jamestown, Tennessee 38556

Karen Little, Secretary  
P. O. Box 38  
Clarkrange, Tennessee 38553

Rodney Foy  
1114 Circle Drive  
Jamestown, Tennessee 38556

Sheriff Charles S. (Chucky) Cravens  
P. O. Box 730  
Jamestown, Tennessee 38556

James Bilbrey  
125 Pyle Road  
Jamestown, Tennessee 38556

Gwenith Duncan  
P. O. Box 670  
Jamestown, Tennessee 38556

Hollis Crabtree  
589 Ted Brooks Road  
Jamestown, Tennessee 38556

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Management Discussion and Analysis**  
**June 30, 2010**

As financial management of the Fentress County Emergency Communications District, we offer readers of these financial statements this narrative overview and analysis of the District for the fiscal year ending June 30, 2010. Please read it in conjunction with the District's financial statements that begin on page 7.

**FINANCIAL HIGHLIGHTS**

- The District's total net assets increased to \$1,058,987.54 from \$1,000,346.48 over the course of this year's operations. This was largely due to:
  - Increase in Operational Funding from the State
  - Slight increase in funding from the Fentress County Government to cover costs associated with the E-911 Dispatchers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this management's discussion and analysis report, the independent auditor's report, the financial statements, and supplemental information of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**BASIC FINANCIAL STATEMENTS**

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The Statement of Net Assets presents information on all the District's Assets and Liabilities, with the difference reported as Net Assets. Over time, increases or decreases in Net Assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net Assets increase when Revenues exceed Expenses. Increases to Assets (without a corresponding increase to Liabilities) results in increased Net Assets, which indicates an improved financial position.

**FINANCIAL ANALYSIS**

Net Assets may serve, over time as a useful indicator of the District's financial position. In the case of the District, the change by which Assets exceeded Liabilities at the close of the most current fiscal year is \$29,522.67. Part of this is attributable to an increase in revenues from the State for Operational Funding, slight increase from Fentress County Government for cost associated with E-911 Dispatchers.



**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Management Discussion and Analysis**  
**June 30, 2010**

**FINANCIAL ANALYSIS (continued)**

Our analysis below focuses on the District's Net Assets (Table 1) and Changes in Net Assets (Table 2) during the year.

**NET ASSETS**

**Table 1**  
**Condensed Statements of Net Assets**

	<u>FY 2010</u>	<u>FY 2009</u>	<u>Difference</u>
Current and Other Assets	\$ 772,752.53	\$ 718,120.49	\$ 54,632.04
Capital Assets (Net)	286,235.01	331,812.16	(45,577.45)
Total Assets	<u>\$1,058,987.54</u>	<u>\$1,049,932.65</u>	<u>\$ 9,054.89</u>
Current Liabilities	<u>\$ 29,118.39</u>	<u>\$ 49,586.17</u>	<u>\$ (20,467.78)</u>
Net Assets:			
Invested in Capital Assets	\$ 286,235.01	\$ 331,812.16	\$ (45,577.15)
Unrestricted	743,634.14	668,534.32	75,099.82
Total Net Assets	<u>\$1,029,869.15</u>	<u>\$1,000,346.48</u>	<u>\$ 29,522.67</u>

Changes in the District's Net Assets can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Assets for the year.

**Table 2**  
**Condensed Statements of Revenues,  
Expenses, and Changes in Net Assets**

	<u>FY 2010</u>	<u>FY 2009</u>	<u>Difference</u>
Operating Revenues	\$ 421,077.87	\$ 389,277.26	\$ 31,800.61
Non-Operating Revenues	19,102.60	85,421.11	(66,318.51)
Total Revenues	<u>\$ 440,180.47</u>	<u>\$ 474,698.37</u>	<u>\$(34,517.90)</u>
Depreciation Expense	\$ 52,468.81	\$ 46,879.35	\$ 5,589.46
Other Operating Expense	358,188.99	364,530.79	(6,341.80)
Total Operating Expenses	<u>\$ 410,657.80</u>	<u>\$ 411,410.14</u>	<u>\$ (752.34)</u>
Increase in Net Assets	\$ 29,522.67	\$ 63,288.23	\$(33,765.56)
Net Assets – Beginning of Year	<u>1,000,346.48</u>	<u>937,058.25</u>	<u>63,288.23</u>
Net Assets – End of Year	<u>\$1,029,869.15</u>	<u>\$1,000,346.48</u>	<u>\$ 29,522.67</u>

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Management Discussion and Analysis**  
**June 30, 2010**

NET ASSETS (continued)

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

*Economic Factors and Rates:*

- The District currently maintains a rate for the Emergency Telephone Service Charge of \$.65 per residential line and \$2.00 per business line.
- Based upon current trends in housing and population growth, we do not anticipate any reversals in our revenue growth. We have seen a marked increase in the number of "911" calls received from wireless sources.

*Future Budgetary Considerations:*

Presently, the Board of Directors are not aware of any changes in conditions that would have a significant impact on the financial position or results of activities of the District in the 2010-2011 fiscal year budget.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. For questions concerning any of the information provided in this report or requests for additional financial information, contact the Chairman of the Emergency Communications District at 310 South Main Street, Jamestown, Tennessee 38556.

# **INDEPENDENT AUDITOR'S REPORT**

# **Hassell Ray York and Associates, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. Box 137 • Phone: 931-484-5570  
Crossville, Tennessee 38557

November 12, 2010

Board of Directors  
Fentress County Emergency  
Communications District  
P. O. Box 460  
Jamestown, Tennessee 38556

## ***INDEPENDENT AUDITOR'S REPORT***

We have audited the accompanying financial statements of the Fentress County Emergency Communications District, a component unit of Fentress County, Tennessee, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Fentress County Emergency Communications District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fentress County Emergency Communications District as of June 30, 2010, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

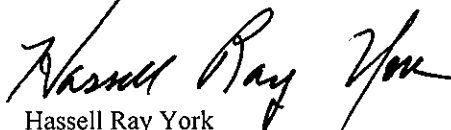
In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010 on our consideration of Fentress County Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 – 4 and the schedule of funding progress for Fentress County Emergency Communications District on page 21 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section and accompanying financial information listed as supplementary information in the table of contents is presented for the purpose of additional analysis and are not a required part of the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Respectfully,

*HASSELL RAY YORK AND ASSOCIATES, P.C.*



Hassell Ray York  
Certified Public Accountant

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# **FINANCIAL STATEMENTS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Statement of Net Assets**  
**June 30, 2010**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 493,554.20
Certificates of Deposit	262,448.32
Accrued Interest Receivable	595.05
Due from Tennessee Emergency Communications Board	218.70
Prepaid Expenses	<u>15,936.26</u>
Total Current Assets	<u>772,752.53</u>

**Non-Current Assets**

**Capital Assets**

Building and Improvements	169,430.98
Furniture and Fixtures	34,143.82
Office Equipment	20,375.92
Communication Equipment	230,084.85
Vehicles	<u>18,300.00</u>
Total Capital Assets	472,335.57
Accumulated Depreciation	<u>(186,100.56)</u>
Capital Assets, Net	<u>286,235.01</u>

**TOTAL ASSETS** **\$1,058,987.54**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 550.84
Accrued Payroll	8,397.92
Accrued Payroll Deductions Payable	3,138.35
Compensated Absences Payable	<u>17,031.28</u>
Total Current Liabilities	<u>29,118.39</u>

**Total Liabilities** **29,118.39**

**Net Assets**

Invested in Capital Assets	286,235.01
Unrestricted Net Assets	<u>743,634.14</u>
Total Net Assets	<u>1,029,869.15</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$1,058,987.54**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Year Ended June 30, 2010**

**OPERATING REVENUES**

Emergency Telephone Service Charge	\$ 92,953.62
Tennessee Emergency Communications Board – Shared Wireless Charge	34,944.49
Tennessee Emergency Communications Board – Operational Funding	126,479.76
Other Operating Revenues	<u>166,700.00</u>
 Total Operating Revenues	 <u>\$ 421,077.87</u>

**OPERATING EXPENSES**

**Salaries and Wages**

Administrative Personnel	\$ 31,636.30
Dispatchers	197,278.36
Overtime Pay	6,260.79
Part-time Personnel	<u>11,938.12</u>
 Total Salaries and Wages	 <u>247,113.57</u>

**Employee Benefits**

Social Security	14,359.92
Medicare	3,358.40
Medical Insurance	14,705.60
Unemployment Taxes	928.48
Retirement Contributions	<u>13,493.48</u>
 Total Employee Benefits	 <u>46,845.88</u>

**Contracted Services**

Addressing/Mapping Expense	8,485.00
Advertising	14.40
Audit Services	5,000.00
Data Processing Service	2,226.00
Maintenance Agreements	15,822.82
Mapping/Data Base Consultants	12,000.00
Maintenance and Repairs – Communications Equipment	1,311.25
Maintenance and Repairs – Building and Facilities	1,060.75
Maintenance and Repairs – Vehicles	57.50
Fuel – Vehicles	<u>399.96</u>
 Total Contracted Services	 <u>46,377.68</u>

*SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS*



**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Statement of Revenues, Expenses, and Changes in Net Assets (Continued)**  
**For the Year Ended June 30, 2010**

**OPERATING EXPENSES** (continued)

**Supplies and Materials**

Office Supplies	592.34
Custodial Supplies	232.51
Postage	176.00
Small Equipment Purchases	65.67
Utilities – General Telephone	4,873.31
Utilities – Cell Phones and Pagers	272.64
Other Supplies and Materials	<u>28.50</u>
 Total Supplies and Materials	 <u>6,240.97</u>

**Other Charges**

Dues and Memberships	241.00
Insurance – Workers Compensation	1,325.00
Insurance – Liability	2,178.00
Insurance – Equipment	1,848.48
Insurance – Vehicles	785.00
Premiums on Surety Bonds	333.88
Training Expense	992.50
Travel Expenses	3,007.00
Internet Charges	<u>900.03</u>
 Total Other Charges	 <u>11,610.89</u>

**Depreciation**

Depreciation Expense	<u>52,468.81</u>
 Total Depreciation	 <u>52,468.81</u>

Total Operating Expenses	<u>\$ 410,657.80</u>
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Operating Income (Loss)	<u>\$ 10,420.07</u>
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Statement of Revenues, Expenses, and Changes in Net Assets (Continued)**  
**For the Year Ended June 30, 2010**

**NON-OPERATING REVENUES AND (EXPENSES)**

Interest Income	\$ 729.05
Investment Income	5,273.15
Tennessee Emergency Communications Board – Grants and Reimbursements	12,504.40
Miscellaneous Income	150.00
Insurance Reimbursements	<u>446.00</u>

Total Non-Operating Revenue (Expenses)	\$ <u>19,102.60</u>
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INCREASE (DECREASE) IN NET ASSETS	\$ 29,522.67
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NET ASSETS – BEGINNING OF PERIOD	<u>1,000,346.48</u>
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NET ASSETS – END OF PERIOD	<u>\$1,029,869.15</u>
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*SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS*

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Surcharges and Other Revenues	\$ 451,411.58
Cash Payments to Suppliers for Goods and Services	(68,294.82)
Cash Payments for Payroll, Taxes, and Related Benefits	<u>(291,251.68)</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** **\$ 91,865.08**

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Grants/Reimbursements TECB	<b><u>\$ 22,647.17</u></b>
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**NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES** **\$ 22,647.17**

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Insurance Proceeds	\$ 86,707.73
Purchase of Capital Assets	<u>(28,866.66)</u>

**NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES** **\$ 57,841.07**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Income Received	\$ 5,713.71
Increase in Certificates of Deposit	<u>(4,984.66)</u>

**NET CASH PROVIDED FROM INVESTING ACTIVITIES** **\$ 729.05**

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** **\$ 173,082.37**

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** **320,471.83**

**CASH AND CASH EQUIVALENTS AT END OF YEAR** **\$ 493,554.20**

*SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS*

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Statement of Cash Flows (Continued)**  
**For the Year Ended June 30, 2010**

**RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET**  
**CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 10,420.07
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	52,468.81
Changes in Assets and Liabilities:	
(Increase) Decrease in Current Receivables	30,183.71
(Increase) Decrease in Prepaid Expenses	(2,864.73)
Increase (Decrease) in Accounts Payable	(1,200.55)
Increase (Decrease) Accrued Payroll	690.28
Increase (Decrease) Accrued Payroll Deductions Payable	(1.55)
Increase (Decrease) Compensated Absences Payable	2,019.04
Miscellaneous Income	<u>150.00</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 91,865.08</u></b>

*SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS*

## **NOTES TO THE FINANCIAL STATEMENTS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Fentress County Emergency Communications District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

***REPORTING ENTITY***

The Fentress County Emergency Communications District was organized October, 1990, under the authority of *Title 7, Chapter 86, Tennessee Code Annotated*, for the purpose of providing to the residence within the boundaries of Fentress County, Tennessee with emergency 9-1-1 service as a means of securing emergency services quickly and efficiently.

The County Commission of Fentress County, Tennessee is the basic level of government which has financial accountability and control over certain activities related to the Fentress County Emergency Communications District. The County Commission of Fentress County, Tennessee must approve any issuance of debt by the District, has the authority to adjust the District's service charges, and appoints the nine (9) member Board of Directors which governs the District. The Fentress County Emergency Communications District is a component unit of Fentress County, Tennessee.

***MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION***

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets (i.e., Total Assets Net of Total Liabilities) are segregated into Invested Capital Assets, Net of Related Debt; Restricted for specified purposes; and Unrestricted components. The Operating Statement presents increases (e.g. Revenues) and decreases (e.g. Expenses) in Net Total Assets.

The District follows all pronouncements of the *Governmental Accounting Standards Board*, and has elected not to follow *Financial Accounting Standards Board* pronouncements issued after November 30, 1989.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***DEPOSITS AND INVESTMENTS***

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents have original maturities of three (3) months or less from the date of acquisition.

***CAPITAL ASSETS***

Capital Assets are carried at cost.

Capital Assets in service are depreciated using the straight-line method at rates that will amortize costs over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building and Improvements	40 Years
Vehicles, Equipment, Furniture, and Fixtures	5 to 10 Years

***COMPENSATED ABSENCES***

The District's policy provides that vacation time may be accumulated and carried forward by full time employees (those who work more than thirty-five (35) hours per week) to the next year in an amount not to exceed thirty (30) days or two hundred forty (240) total hours. Any hours exceeding the two hundred forty (240) hour limit may be converted to sick leave at the end of each fiscal year to the next. Upon termination of employment, an employee will be entitled to payment for any unused vacation time. Payment will be based upon the employee's daily rate of compensation at the time of termination. The accumulated amount is charged to expense and corresponding liability in the financial statements.

***REVENUE AND EXPENSES***

The District distinguishes Operating Revenues and Expenses from Non-Operating Items. Operating Revenues and Expenses generally result from providing services and delivering goods in connection with the District's principal ongoing operations. The principal Operating Revenues of the District are emergency telephone service charges collected from telephone service providers, shared wireless charges, and other operational funding. Operating Expenses include the cost of salaries and wages, employee benefits, contracted services, materials and supplies, other charges, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as Non-Operating Revenues and Expenses.

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***NET ASSETS***

Net Assets are classified into three components – Invested in Capital Assets, Net of Related Debt, Restricted, and Unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt – This component of Net Assets consists of Capital Assets, including Restricted Capital Assets, Net of Accumulated Depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of Net Assets consists of constraints placed on Net Assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component of Net Assets consist of Net Assets that do not meet the definition of “Restricted” or “Invested in Capital Assets, Net of Related Debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

***BUDGET***

The budget is legally adopted, by the Board of Commissioners, in accordance with the provisions of Tennessee Code Annotated, Section 7-86-120.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Investment of District funds is restricted by State of Tennessee statutes to include the following:

- Bonds, notes, or treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies;
- Certificates of Deposit and other evidence of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations;
- The State of Tennessee local government investment pool;
- Obligations of the United States or its agencies under a repurchase agreement, with certain conditions;



**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

- Bonds rated A or higher by any nationally recognized rating services of the State of Tennessee, bonds of any county or municipal corporations of the State of Tennessee (bonds of any road, levee, or drainage district is expressly excluded), bonds of any other state or political subdivision;
- Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, the Student Loan Marketing Association provided such securities are rated in the highest category by at least two (2) nationally recognized rating services;
- The county's own bonds or notes issued in accordance with Tennessee Code Annotated (TCA), *Title 9, Chapter 21*;
- The investment must have a maturity of not greater than two (2) years or with certain authorized approval up to five (5) years.

The District's deposits at June 30, 2010 consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Operating Account –		
First Volunteer Bank	\$441,457.72	\$435,644.87
Progressive Savings Bank	57,909.33	57,909.33
Certificates of Deposit –		
Progressive Savings Bank	41,687.32	41,687.32
Union Bank	<u>220,761.00</u>	<u>220,761.00</u>
Total	<u>\$761,815.37</u>	<u>\$756,002.52</u>

The difference between the bank balance and carrying amount is due to outstanding checks and/or deposits in transit.

Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000.00. In addition, First Volunteer Bank is a member of the State of Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The District's deposits in financial institutions were entirely insured or collateralized at June 30, 2010.

The District had no investments at June 30, 2010.

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 3 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets at June 30, 2010 follows:

	Balance 6/30/09	Increases	Decreases	Balance 6/30/10
Capital Assets Being Depreciated:				
Building	\$164,646.26	\$ 4,784.72	\$ .00	\$169,430.98
Office Equipment and Fixtures	54,262.80	256.94	.00	54,519.74
Communication and Computer				
Equipment	228,234.85	1,850.00	.00	230,084.85
Vehicle	18,300.00	.00	.00	18,300.00
Total Capital Assets Being				
Depreciated	465,443.91	6,891.66	.00	472,335.57
Less: Accumulated Depreciated				
Building	32,514.18	4,275.64	.00	36,789.82
Office Equipment and Fixtures	31,302.13	6,694.50	.00	37,996.63
Communication and Computer				
Equipment	66,002.93	38,448.67	.00	104,451.60
Vehicle	3,812.51	3,050.00	.00	6,862.51
Total Accumulated Depreciation	133,631.75	52,468.81	.00	186,100.56
Net Capital Assets	\$331,812.16	\$ (45,577.15)	\$ .00	\$286,235.01

**NOTE 4 – EMPLOYEE RETIREMENT SYSTEM**

***PLAN DESCRIPTION***

Employees of Fentress County Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of sixty (60) with five (5) years of service or at any age with thirty (30) years of service. A reduced retirement benefit is available to vested members at the age of fifty-five (55). Disability benefits are available to active members with five (5) years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five (5) years of service and members joining prior to July 1, 1979 were vested after four (4) years of service. Benefit provisions are established in state statute found in *Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA)*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Fentress County Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 4 – EMPLOYEE RETIREMENT SYSTEM (continued)**

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

***FUNDING POLICY***

Fentress County Emergency Communications District requires employees to contribute 5.0 percent of earnable compensation.

Fentress County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 5.81% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Fentress County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

***ANNUAL PENSION COST***

For the year ending June 30, 2010, Fentress County Emergency Communications District's annual pension cost of \$13,494.00 to TCRS was equal to Fentress County Emergency Communications District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year (5) period. Fentress County Emergency Communications District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was fifteen (15) years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

***TREND INFORMATION***

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$13,494	100.00%	\$0.00
June 30, 2009	\$12,099	100.00%	\$0.00
June 30, 2008	\$11,636	100.00%	\$0.00

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 4 – EMPLOYEES RETIREMENT SYSTEM (continued)**

***FUNDED STATUS AND FUNDING PROGRESS***

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.46% percent funded. The actuarial accrued liability for benefits was \$0.14 million, and the actuarial value of assets was \$0.11 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0.20 million, and the ratio of the UAAL to the covered payroll was 12.34% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$114	\$139	\$24	82.46%	\$197	12.34%
July 01, 2007	\$ 81	\$118	\$37	68.64%	\$191	19.37%

**NOTE 5 – OTHER OPERATING REVENUES**

The Fentress County Emergency Communications District entered into an intergovernmental cooperation agreement with Fentress County, whereby the District will staff and operate the emergency communications center. Fentress County makes quarterly payments to the District for its share of the dispatching cost. The amount received for the fiscal year ended June 30, 2010 was \$166,700.00.

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 6 – RISK FINANCING**

The Fentress County Emergency Communications District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and natural disasters. The premises are commercially insured by the Fentress County Government. The building coverage has some hardware insurance coverage for each of the three (3) locations where the equipment is located. Additional commercial insurance, as detailed below, has been obtained. No losses have occurred during the past three (3) years that have exceeded coverage.

**Commercial General Liability**

General Aggregate	\$3,000,000
Products Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence	1,000,000
Medical Expense, Any One Person	5,000

**Vehicle**

Liability, Each Accident	1,000,000
Uninsured Motorists	1,000,000
Medical Payments	10,000
Auto Physical Damage – Comprehensive and Collision	Actual Cash Value
Other Than Collision Deductible	250
Collision Deductible	250

**Blanket Summary**

Personal Property	281,609
Software	250,000
Money and Securities	10,000
Commercial Blanket Bond	5,000
Deductible	
Policy – Per Occurrence	250
Earthquake – Per Item – 310 South Main Street	7,019
100 South Smith Street	7,019
Flood – Per Premises	1,000

<b><u>Employee Dishonesty</u></b>	15,000
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**Management Liability**

Aggregate Limit	3,000,000
Wrongful Act – Each	1,000,000
Injunctive Relief – Each Action	25,000

**Workmen's Compensation**

Each Accident	100,000
Disease – Each Employee	100,000
– Policy Limit	500,000

**Crime and Fidelity Coverage**

Blanket Bond – All Employees and Non-Compensatory Officers	175,000
Deductible	500

# **REQUIRED SUPPLEMENTARY INFORMATION**

## **SCHEDULE OF FUNDING PROGRESS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**June 30, 2010**

**SCHEDULE OF FUNDING PROGRESS FOR FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT 89820**

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 01, 2009	\$114	\$139	\$24	82.46%	\$197	12.34%
July 01, 2007	\$ 81	\$118	\$37	68.64%	\$191	19.37%

The Government Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into effect during the year of the 2007 actuarial valuation date, therefore, only the two most recent valuations are presented.



## **SUPPLEMENTAL INFORMATION**

**SCHEDULE OF BONDS**  
**ON PRINCIPAL OFFICERS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Schedule of Bonds on Principal Officers**  
**June 30, 2010**

The principal officials, including the directors, treasurer, and secretary, of the Fentress County Communications District are covered under a Public Employee Dishonesty Bond in the amount of \$175,000.00, deductible \$500.00, written with the Westfield Companies. The current bond period is January 1, 2010 to January 1, 2013.

## **BUDGET TO ACTUAL COMPARISONS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Budgetary Comparison Schedule (Cash Basis Budget)**  
**June 30, 2010**

<b><u>CASH RECEIPTS</u></b>	<b>Actual (Cash Basis)</b>	<b>Budget (Cash Basis)</b>	<b>Variance Under(Over)</b>
Emergency Telephone Service Charge	\$ 92,943.62	\$ 96,000.00	\$ 3,056.38
TECB – Shared Wireless Charge	42,021.08	34,000.00	(8,021.08)
TECB – Operational Funding	126,479.76	86,169.00	(40,310.76)
Other Operating Revenue	166,700.00	166,700.00	.00
Interest Income	729.05	950.00	220.95
Investment Income	4,984.66	10,500.00	5,515.34
TECB-Grants and Reimbursements	12,504.40	35,000.00	22,495.60
Miscellaneous Income	596.00	500.00	(96.00)
<b>Total Cash Basis Revenues</b>	<b>\$ 446,958.57</b>	<b>\$429,819.00</b>	<b>\$ (17,139.57)</b>
<b><u>CASH EXPENDITURES</u></b>			
<b><u>Salaries and Wages</u></b>			
Administrative Personnel	\$ 31,304.00	\$ 31,500.00	\$ 196.00
Dispatchers	194,901.34	195,000.00	98.66
Overtime Pay	6,260.79	6,261.00	.21
Part-time Personnel	11,938.12	11,939.00	.88
<b>Total Salaries and Wages</b>	<b>\$ 244,404.25</b>	<b>\$244,700.00</b>	<b>\$ 295.75</b>
<b><u>Employee Benefits</u></b>			
Social Security	\$ 14,207.51	\$ 15,700.00	\$ 1,492.49
Medicare	3,322.75	3,800.00	477.25
Medical Insurance	14,705.60	14,706.00	.40
Unemployment Taxes	1,207.84	1,208.00	.16
Retirement Compensation	13,493.48	14,000.00	506.52
<b>Total Employee Benefits</b>	<b>\$ 46,937.18</b>	<b>\$ 49,414.00</b>	<b>\$ 2,476.82</b>
<b><u>Contracted Services</u></b>			
Addressing/Mapping Expense	\$ 9,685.00	\$ 10,000.00	\$ 315.00
Advertising	14.40	200.00	185.60
Audit Services	5,000.00	5,000.00	.00
Data Processing Service	2,259.01	2,500.00	240.99
Maintenance Agreements	19,282.90	20,000.00	717.10
Mapping/Data Base Consultants	12,000.00	12,000.00	.00
Maintenance and Repairs – Communication Equipment	1,311.25	1,500.00	188.75
Maintenance and Repairs – Office Equipment	.00	1,000.00	1,000.00
Maintenance and Repairs – Building and Facilities	1,060.75	1,061.00	.25
Maintenance and Repairs – Vehicles	57.50	500.00	442.50
Fuel - Vehicles	427.25	900.00	472.75
<b>Total Contracted Services</b>	<b>\$ 51,098.06</b>	<b>\$ 54,661.00</b>	<b>\$ 3,562.94</b>

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Budgetary Comparison Schedule ( Cash Basis Budget) (Continued)**  
**June 30, 2010**

<b>Cash Expenditures (continued)</b>	<b>Actual (Cash Basis)</b>	<b>Budget (Cash Basis)</b>	<b>Variance Under(Over)</b>
<b><u>Supplies and Materials</u></b>			
Office Supplies	\$ 592.34	\$ 1,000.00	\$ 407.66
Custodial Supplies	252.51	800.00	547.49
Data Processing Supplies	.00	500.00	500.00
Postage	176.00	250.00	74.00
Small Equipment Purchases	65.67	1,000.00	934.33
Uniforms and Shirts	.00	524.21	524.21
Utilities – General Telephone	4,886.13	6,000.00	1,113.87
Utilities – Cell Phones and Pagers	295.17	500.00	204.83
Other Supplies and Materials	28.50	900.00	871.50
<b>Total Supplies and Materials</b>	<b>\$ 6,296.32</b>	<b>\$ 11,474.21</b>	<b>\$ 5,177.89</b>
<b><u>Other Charges</u></b>			
Dues and Memberships	\$ 241.00	\$ 250.00	\$ 9.00
Employee Testing and Exams	.00	1,000.00	1,000.00
Insurance – Workers Compensation	1,289.00	1,700.00	411.00
Insurance – Liability	2,253.00	3,600.00	1,347.00
Insurance – Buildings and Contents	1,891.00	1,891.00	.00
Insurance – Equipment	.00	1,200.00	1,200.00
Insurance – Vehicles	.00	1,300.00	1,300.00
Legal Notices	.00	200.00	200.00
Premiums on Surety Bonds	409.00	800.00	391.00
Service Awards	.00	.00	.00
Training Expense	992.50	1,500.00	507.50
Travel Expenses	3,007.00	5,000.00	1,993.00
Internet Charges	837.94	838.00	.06
Other Charges	.00	200.00	200.00
<b>Total Other Charges</b>	<b>\$ 10,920.44</b>	<b>\$ 19,479.00</b>	<b>\$ 8,558.56</b>
<b>Total Cash Basis Expenses</b>	<b>\$ 359,656.25</b>	<b>\$379,728.21</b>	<b>\$ 20,071.96</b>
<b>Cash Basis Net Income (Loss)</b>	<b>\$ 87,302.32</b>	<b>\$ 50,090.79</b>	<b>\$ (37,211.53)</b>

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Budgetary Comparison Schedule (Cash Basis Budget) (Continued)**  
**June 30, 2010**

**RECONCILIATION OF CASH BASIS TO ACCRUAL BASIS**

Depreciation Expense	\$ (52,468.81)
Increase in Accrued Interest Receivable	288.49
Decrease in Current Receivables	(7,066.59)
Increase in Prepaid Expenses	2,864.73
Decrease in Accounts Payable	1,220.55
Increase in Accrued Payroll	(690.28)
Decrease in Accrued Payroll Deductions	91.30
Increase in Compensated Absences Payable	<u>(2,019.04)</u>
Net Reconciliation Cash to Accrual	\$ <u>(57,779.65)</u>
INCREASE (DECREASE) IN NET ASSETS (ACCRUAL)	\$ <u>29,522.67</u>
NET ASSETS – BEGINNING OF YEAR	<u>\$1,000,346.48</u>
NET ASSETS - END OF YEAR	<u>\$1,029,869.15</u>

**SCHEDULE OF INFORMATION**  
**REQUIRED BY THE**  
**TENNESSEE EMERGENCY**  
**COMMUNICATIONS BOARD**

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**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Schedule of Information Required by the**  
**Tennessee Emergency Communications Board**  
**For the Year Ended June 30, 2010**

- (1) The number of public safety answering points (PSAP) --

Three

- (2) The address of each PSAP --

100 Smith Street South  
Jamestown, Tennessee 38556

- (3) The type of system/equipment and database used by each PSAP --

Combix Corporation

- (4) The name, address, telephone number, and fax number of the director of the Emergency Communications District --

Fentress County Communications District does not have an Emergency Communications Director.

- (5) The name, address, telephone number, and fax number of the Chairman of the Emergency Communications District --

Gary Peters, Chairman  
106 Horseshoe Circle  
Jamestown, Tennessee 38556  
Telephone Number: (931)879-3319  
Fax Number: (931)879-5056

# **INTERNAL CONTROL AND COMPLIANCE SECTION**

**REPORT ON INTERNAL CONTROL  
AND COMPLIANCE AND OTHER MATTERS**

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# **Hassell Ray York and Associates, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 137 • Phone: 931-484-5570

Crossville, Tennessee 38557

November 12, 2010

Board of Directors  
Fentress County Emergency  
Communications District  
P. O. Box 460  
Jamestown, Tennessee 38556

## ***REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the Fentress County Emergency Communications District, a component unit of Fentress County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered Fentress County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fentress County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fentress County Emergency Communications District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Fentress County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, the Comptroller's Office of the State of Tennessee, and Fentress County, Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

HASSELL RAY YORK AND ASSOCIATES, P.C.

A handwritten signature in black ink, reading "Hassell Ray York", written in a cursive style.

Hassell Ray York  
Certified Public Accountant

HRY:kam

# **DISPOSITION OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**FENTRESS COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**OF FENTRESS COUNTY, TENNESSEE**  
**Disposition of Findings and Recommendations From June 30, 2009**  
**June 30, 2010**

**Disposition of Prior Year Finding**

**Action Taken**

Finding 09-01    At the line-item level certain actual amounts  
exceed the budgeted amounts.

At the line-item level actual amounts are  
within the budgeted amounts.